

Message Text

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11

ACTION COME-00

INFO OCT-01 AF-05 EUR-06 ISO-00 AID-07 CIAE-00 EB-05

FRB-01 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-01

SPC-03 CIEP-01 LAB-02 SIL-01 OMB-01 DRC-01 /047 W

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R 191045Z FEB 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 9788

INFO AMEMBASSY LONDON

UNCLAS LUSAKA 0248

E.O. 11652: N/A

TAGS: EFIN, ETRD, ZA

SUBJECT: GRZ RESTRICTIONS ON BILLS OF EXCHANGE

REF: STATE 28574

PASS EXIM, USDOC

1. GRZ EARLY JANUARY ANNOUNCED MEASURES TO PROHIBIT LOCAL IMPORTERS FROM ARRANGING USANCE LETTERS OF CREDIT, BILLS, ACCEPTANCES OR SIMILAR FINANCING INSTRUMENTS FOR COLLECTION FOR OR ON BEHALF OF OVERSEAS CORRESPONDENT BANKS OR OTHER OVERSEAS RESIDENT ENTITIES, OTHER THAN THOSE NEGOTIATED PRIOR TO JANUARY 15, 1974. NO FINANCING FEES MAY BE PAID FOR SUCH TRANSACTIONS WITHOUT SPECIFIC PRIOR APPROVAL OF BANK OF ZAMBIA EXCHANGE CONTROL. LETTERS OF CREDIT ON "SIGHT" BASIS MAY, HOWEVER, CONTINUE BE ESTABLISHED.

2. IN WAKE OF LARGE NUMBER OF COMPLAINTS, GRZ EARLY FEBRUARY BEGAN PERMITTING ALTERNATIVE TO "SIGHT ONLY" SYSTEM. IMPORTERS MAY NOW PAY FOR GOODS THROUGH SHORT-TERM BILLS RAISED BY SHIPPERS OR CONFIRMING HOUSES OVERSEAS, PROVIDED SUCH BILLS ARE THEN IMMEDIATELY PASSED TO ZAMBIA, TO BE HELD IN KWACHA BY COMMERCIAL BANKS UNTIL DUE DATE

3. COMMENT: NEW RULING DESIGNED DISCOURAGE BORROWING ABROAD,
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WHERE INTEREST RATES HIGH, IN FAVOR OF ZAMBIAN BANKS WHICH

CURRENTLY HAVE VERY HIGH LIQUIDITY AND RELATIVELY LOW INTEREST RATES. UNDERSTAND FROM LOCAL BANK THAT "SYMPATHETIC CONSIDERATION" WILL BE GIVEN THOSE LOCAL IMPORTERS WHOSE BORROWING CAPACITY MIGHT BE LIMITED BY ONE-TO-TWO BORROWING-PAID UP EQUITY RATIO. THOUGH IT NOT YET CLEAR WHETHER OTHER TYPES OF FOREIGN BORROWING WILL BE DISCOURAGED, MEASURE DOES ILLUSTRATE GREATLY IMPROVED ZAMBIAN FOREIGN EXCHANGE SITUATION AS RESULT OF SUSTAINED HIGH LEVEL COPPER REVENUE.

4. MORE DETAILED EXPLANATIONS, IN FORM OF LETTER FROM LOCAL BARCLAYS BANK, BEING POUCHED TO USDOC (BIC/OIM) FEBRUARY 16. WILKOWSKI

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NNN

Message Attributes

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Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LUSAKA00248
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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30 JUN 2005

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